Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.
Overview

• GRAP Reporting frameworks 2014/15 and 2015/16
• Newly effective Standards of GRAP
• Current projects
Reporting Framework
## Snapshot - Reporting framework

<table>
<thead>
<tr>
<th></th>
<th>30 June 2015</th>
<th>30 June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GRAP</strong></td>
<td>Report in terms of new Standards: GRAP 5, 100</td>
<td>Report in terms of new Standards: GRAP 1, 2, 3, 10, 11, 13, 17, 18, 19, 21, 23, 24, 25, 26, 31, 103, 104, 105, 106, 107</td>
</tr>
<tr>
<td><strong>IFRS/IPSAS</strong></td>
<td>No change</td>
<td>IFRIC 21</td>
</tr>
<tr>
<td><strong>Not yet effective</strong></td>
<td>Accounting policy:</td>
<td>Accounting policy:</td>
</tr>
<tr>
<td></td>
<td>• GRAP 32, 105, 106, 107, 108</td>
<td>• GRAP 32, 108</td>
</tr>
<tr>
<td></td>
<td>• IGRAP 17</td>
<td>• IGRAP 17</td>
</tr>
<tr>
<td></td>
<td>Disclosure:</td>
<td>Disclosure:</td>
</tr>
<tr>
<td></td>
<td>• GRAP 20 or IPSAS 20</td>
<td>• GRAP 20 or IPSAS 20</td>
</tr>
<tr>
<td></td>
<td>Early adopt:</td>
<td>Early adopt:</td>
</tr>
<tr>
<td></td>
<td>• GRAP 1, 2, 3, 10, 11, 13, 17, 19, 21, 23, 24, 25, 26, 31, 103, 104</td>
<td>• GRAP 1, 2, 3, 10, 11, 13, 17, 19, 21, 23, 24, 25, 26, 31, 103, 104</td>
</tr>
<tr>
<td></td>
<td>• Directive 11</td>
<td>• Directive 11</td>
</tr>
<tr>
<td><strong>Not</strong></td>
<td>GRAP 18</td>
<td>GRAP 18 [for some entities]</td>
</tr>
</tbody>
</table>
Newly effective Standards of GRAP
# Newly effective Standards

<table>
<thead>
<tr>
<th>Standard</th>
<th>Public entities, constitutional institutions, FET colleges</th>
<th>Municipalities and their entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAP 18 <em>Segment Reporting</em></td>
<td>1 April 2015 1 January 2016</td>
<td>Not effective</td>
</tr>
<tr>
<td>GRAP 105 Transfers of Functions Between Entities Under Common Control</td>
<td>1 April 2015 1 January 2016</td>
<td>1 July 2015</td>
</tr>
<tr>
<td>GRAP 106 Transfers of Functions Between Entities Not Under Common Control</td>
<td>1 April 2015 1 January 2016</td>
<td>1 July 2015</td>
</tr>
<tr>
<td>GRAP 107 <em>Mergers</em></td>
<td>1 April 2015 1 January 2016</td>
<td>1 July 2015</td>
</tr>
</tbody>
</table>
Changes in Measurement Bases following Initial Adoption of Standards of GRAP (Directive 11)
Development of Directive

• Based on feedback from preparers

• Issue addressed by Directive:
  – Inappropriate accounting policy choice at initial adoption
  – Difficulties changing from revaluation / fair value model → cost model
Application of Directive

• Once off change of measurement basis selected on the adoption of Standards
• Change in accounting policy → apply retrospectively as per GRAP3
Application of Directive

• Applied within 3 years following later of:
  – the expiry of transitional provisions on the initial adoption of the Standards of GRAP, or
  – effective date of Directive i.e. 1 April 2015

• The Directive has an effective date of 1 April 2015, but early adoption is permitted.
Improvements to Standards of GRAP
Background

• Minor non-urgent revisions of Standards of GRAP on a bi-annual basis
• Includes amendments to effective Standards of GRAP
• Issues and amendments considered:
  – IFRS changes issued by IASB
  – IPSAS changes issued by IPSASB
  – Other changes
• Transitional provisions \(\rightarrow\) retrospective except for GRAP 21, 26
## Standards affected by improvements project

<table>
<thead>
<tr>
<th>GRAP Standard</th>
<th>Affected paragraphs</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAP 1</td>
<td>Presentation of Financial Statements 11, 44, 44A-44D, 46, 48, Appendix</td>
</tr>
<tr>
<td>GRAP 2</td>
<td>Cash Flow Statements</td>
</tr>
<tr>
<td>GRAP 3</td>
<td>Accounting Policies, Changes in Accounting Estimates &amp; Errors</td>
</tr>
<tr>
<td>GRAP 7</td>
<td>Investments in Associates</td>
</tr>
<tr>
<td>GRAP 10</td>
<td>Financial Reporting in Hyperinflationary Economies 01, 06, Appendix</td>
</tr>
<tr>
<td>GRAP 11</td>
<td>Construction Contracts</td>
</tr>
<tr>
<td>GRAP 13</td>
<td>Leases</td>
</tr>
<tr>
<td>GRAP 17</td>
<td>Property, Plant and Equipment</td>
</tr>
<tr>
<td>GRAP 19</td>
<td>Provisions, Contingent Liabilities &amp; Contingent Assets</td>
</tr>
</tbody>
</table>
Standards affected by improvements project

<table>
<thead>
<tr>
<th>GRAP Standard</th>
<th>Affected paragraphs</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAP 21</td>
<td>Impairment of Non-cash-generating Assets</td>
</tr>
<tr>
<td></td>
<td>09, 09A, .10 -14, 17, 21, 22, 32, 76, 77, Appendix</td>
</tr>
<tr>
<td>GRAP 24</td>
<td>Presentation of Budget Information in Financial Statements</td>
</tr>
<tr>
<td></td>
<td>06, 22, Appendix</td>
</tr>
<tr>
<td>GRAP 25</td>
<td>Employee Benefits</td>
</tr>
<tr>
<td></td>
<td>08, 53, 123, Appendix</td>
</tr>
<tr>
<td>GRAP 26</td>
<td>Impairment of Cash-generating Assets</td>
</tr>
<tr>
<td></td>
<td>10, 10A, 11-15, 22, 25, 27, 79, 99, 119, Appendix</td>
</tr>
<tr>
<td>GRAP 31</td>
<td>Intangible Assets</td>
</tr>
<tr>
<td></td>
<td>73, 78, 85, 85A, 111, Appendix</td>
</tr>
<tr>
<td>GRAP 103</td>
<td>Heritage Assets</td>
</tr>
<tr>
<td></td>
<td>02, 03, 11, 16, 26, 27, 32A-B, 35, 53, 54, 55, 80-82</td>
</tr>
<tr>
<td>GRAP 104</td>
<td>Financial Instruments</td>
</tr>
<tr>
<td></td>
<td>84, 84A, 86, 88, Appendix</td>
</tr>
</tbody>
</table>
Amendments to GRAP 1

• Changes based on IAS 1 changes
  – clarify requirements of comparative information

• Appendix A deleted
Amendments to GRAP 2, 7, 11, 13, 19

- No significant changes were made other than the deletion of the appendices in these Standards
  - GRAP 13 → only appendix 5 and 6 deleted
  - GRAP 19 → only appendix C, D and E deleted
Amendments to GRAP 3

- No significant changes made other than the deletion of the appendices
- A separate project dealing with clarification of principle in GRAP 3 par. 13(b) led to development of Directive 11
  - explain when and how entities should approach changes in accounting policies when an inappropriate accounting policy was elected on the date of adoption
Amendments to GRAP 10

- General definitions deleted and included in Glossary of Defined Terms
- Changes based on IPSAS 10 changes
  - objective paragraph added
- Appendix deleted
Amendments to GRAP 17

• General definitions deleted and included in Glossary of Defined Terms

• Changes based on IAS 16 changes
  – clarify the classification of stand-by equipment
Amendments to GRAP 21 and GRAP 26

• General definitions deleted and included in Glossary of Defined Terms
  – amended the definition of cash-generating assets (CGA) and non-cash-generating assets (NCGA)

• Changes based on IPSAS 21 and 26 changes
  – added another impairment indicator
Amendments to GRAP 21 and GRAP 26

- Changes based on feedback from stakeholders
  - distinction between CGA and NCGA is problematic in practice
  - clarify the difference and objective of CGA and NCGA
  - additional disclosure requirements relating to external professional valuers
- Appendix B and C (GRAP 21) and Appendix B and D (GRAP 26) deleted
Amendments to GRAP 24

- General definitions deleted and included in Glossary of Defined Terms
- Change to clarify that professional judgement should be applied in determining extent of comparisons of budget and actual amounts
- Appendix A deleted
Amendments to GRAP 25

• General definitions deleted and included in Glossary of Defined Terms
• Change to reflect the consequential amendments arising from GRAP 105, 106 and 107
• Appendix A, B and C deleted
Amendments to GRAP 31

• No significant changes other than
  – editorial and other changes to ensure consistency with other Standards of GRAP

• Appendix A deleted
Amendments to GRAP 103

• General definitions deleted and included in Glossary of Defined Terms

• Changes
  – editorial and other changes to ensure consistency with other Standards of GRAP
  – clarify treatment of biological assets in scope paragraph
  – include measurement requirements for exchange transactions (align other GRAPs)

• Appendix A, B and C deleted
Amendments to GRAP 104

• Change made based on IAS 32 change
  – commentary added relating to tax effects of distribution to holders of residual interests

• Appendix B deleted
Improvements to GRAP 23
Background

• Amendments to GRAP 23 based on
  – feedback from local stakeholders about services in-kind
  – minor non-urgent revisions similar to improvements made to other GRAPs
• Not part of improvements project as amendments result in significant change
• Transitional provisions → prospective
Amendments to GRAP 23

• Changes based on feedback from stakeholders
  – scope out non-exchange revenue from construction contracts
  – clarify that discounts & volume rebates are exchange transactions i.t.o GRAP 9
  – recognition of services in-kind is mandatory when the services received are significant to entity’s operations and/or service delivery objectives and recognition criteria is met
Amendments to GRAP 23

– clarify that services in-kind are not limited to services provided by individuals but include right to use assets

– disclosure requirement reflect changes made to recognition requirements

• Appendix A deleted
Current Projects
Current Projects

- ED 129 Accounting by Principals and Agents
- DP 10 – Accounting for Living and Non-living Resources
- IGRAP on Recognition and Derecognition of Land
Current Projects

- ED 126 *Proposed Amendments to GRAP 16 and 17*
- ED 127 *Proposed Amendments to GRAP 21 and 26*
- Guideline on Accounting for Housing Schemes
- IPSASB projects
THANK YOU
Contact details

Tel: (011) 697-0660

Fax: (011) 697-0666

Email: info@asb.co.za

Website: www.asb.co.za

: Accounting Standards Board

: @ASB_SA